norms on NRI deposits by disallowing entities other than authorized dealers and banks from accepting deposits from NRIs;

(b) if so, the details thereof;

(c) whether the banks and other financial institutions would be allowed to accept deposits from the NRIs by debiting to their non-residential external and foreign currency non-resident accounts; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Yes, Sir. Deposits by NRIs with entities other than Autnorised Dealers/Authorised Banks out of inward remittances from overseas or by debit to NRE/FCNR(B) accounts are not permitted since 24th April, 2004. However, entities other than authorised dealers/Authorised Banks may continue to hold and also renew existing NRI deposits held in their books in the name of NRIs on repatriation and non-repatriation basis, as the case may be. The interest earned on such deposits will continue to be eligible for repatriation.

(c) and (d) (i) Authorised Dealers are eligible to accept deposits by debit to NRE/FCNR(B) Account.

(ii) Authorised Banks (i.e. co-operative banks etc.) can accept deposits by debit to NRE Account.

(iii) Financial Institutions who are Authorised Dealers are eligible to accept deposits from Non-Residents-out of Rupee funds.

Foreign exchange reserves

715. SHRI K. RAMA MOHANA RAO:
SHRI RAMAMUNI REDDY SIRIGIREDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that enormous rise in the foreign exchange reserves is going to create problem in future;

(b) whether it is also a fact that according to the National Commission of Applied Research, with increase in foreign exchange reserves there is every possibility of inflation going up and thereby creating other problems in the country; and

(c) if so, what is Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) Foreign exchange reserves are used for reducing volatility and maintaining orderly conditions in the foreign exchange market. The level of reserves to be held by the country depends on various factors. With the changing profile of capital flows, the traditional approach of assessing reserve adequacy in terms of import cover has been broadened to include other parameters, like the size, composition, and risk profiles of various types of capital flows, as well as the likely external shocks to which the economy is vulnerable. In its Quarterly Review of the Economy published in April, 2004, the National Council for Applied Economic Research (NCAER) observed that the RBI has been vigorously conducting open market operations in both foreign and domestic assets for stabilising the exchange rate and maintaining a lower level of inflation. The focus of the monetary policy in recent times has been on moderating the impact of foreign currency inflows. During 2003-04, the RBI moderated the impact of foreign currency inflows amounting to Rs. 124,169 crore through open market sale of Government securities and repo operations under the Liquidity Adjustment Facility.

Black money

716. SHRI K. RAMA MOHANA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government are seriously considering introducing a new scheme to unearth black money;

(b) if so, whether it is on the lines of the earlier schemes;

(c) if not, the details of the new scheme; and

(d) the details of the target proposed to be achieved through this new scheme?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, Sir.

(b) to (d) Does not arise in view of reply to part (a).